

South Korea's largest general insurers fail to cut ties with coal again

Samsung Fire & Marine Insurance and Hyundai Marine & Fire Insurance will not phase out existing underwriting of insurance for coal-powered projects, despite financial and climate concerns, according to their latest ESG reports.

July 19, 2022 – South Korea's largest general insurers [Samsung Fire & Marine Insurance](#) (Samsung FMI) and [Hyundai Marine & Fire Insurance](#) (Hyundai MFI) announced it has no plans to phase out existing insurance underwriting for coal according to their latest ESG reports released last Friday.

“Coal projects are too expensive and risky to operate without insurance. When insurers exit from coal, this forces all the risk back onto the coal companies, making business-as-usual unviable,” said **Sooyoun Han, a climate researcher at Seoul-based Solutions for Our Climate**. “If Samsung FMI and Hyundai MFI, the largest general insurers in South Korea, can effectively pull the plug on coal, other insurers will surely follow. This will significantly speed up coal's decline in the country.”

Coal is the single largest contributor to the climate emergency. The [United Nations Intergovernmental Panel on Climate Change](#) (IPCC) warned that new coal power projects must be cancelled, and existing plants need an accelerated retirement to restrict warming to 2°C or below.

While new coal projects are in decline globally, over [2,400 coal-fired power plants](#) are in operation in 79 countries, including South Korea. With far too many operating coal projects, civic groups have been calling for insurers to retract their existing insurance coverage to operating coal plants and limit underwriting for companies that rely on coal for their revenue or power production. Samsung FMI and Hyundai MFI's current policies do not align with such demand.

In 2021, Samsung FMI was the largest coal insurer in the country with US \$13.3 bn of coverage for coal plants, and Hyundai MFI was the third largest with US \$ 9.4 bn – adding up to almost half of [South Korea's total coal underwritings](#).

Several major insurers have declared more ambitious coal-exit policies after pressures from civil society. Last month, Sompo, one of Japan's largest non-life insurers, became [the first Asian insurer](#) to restrict insurance and investment in coal companies without transition plans by 2025. The same day, Sompo joined the [Net Zero Insurance Alliance \(NZIA\)](#), committing to transition to a net-zero insurance portfolio by 2050 in line with the 1.5°C pathway.

[Global insurance majors](#), such as AXA and Allianz, have already set policies to restrict contract renewals with both coal projects and developers. This not only signals the shrinking demand for coal, but also highlights a growing concern within the industry about climate-related financial risks.

“Insurance companies need to understand that the fossil fuel industry is not their friend. Climate-related natural disasters result in economic losses rising at [5~7 percent](#) each

year and insured losses at [250 percent in the last 30 years](#),” added Han. “Many investors now [view coal policies](#) at insurance companies as an indicator of forward-looking business management. If Samsung FMI and Hyundai MFI want to remain competitive, net-zero insurance is the only pathway.”

ENDS.

Solutions for Our Climate (SFOC) is a South Korea-based group that advocates for stronger climate policies and reforms in power regulations. SFOC is led by legal, economic, financial, and environmental experts with experience in energy and climate policy and works closely with policymakers.

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